

AR49

SCOTTISH & YORK 1972



*Annual Report*

**Board of Directors**

R. D. ABBOT  
R. W. BROUGHTON  
S. F. CHAPMAN  
K. H. DOYLE  
S. L. McCABE  
A. D. McEWEN  
K. R. THOMSON  
J. A. TORY

**Officers**

K. R. THOMSON — *Chairman of the Board*  
K. H. DOYLE — *President*  
R. W. BROUGHTON — *Executive Vice-President*  
S. F. CHAPMAN — *Vice-President, Finance*  
J. A. TORY — *Vice-President*  
D. A. BOYD — *Assistant Vice-President*  
R. D. ABBOT — *Secretary-Treasurer*  
N. W. McDERMOTT — *Assistant Secretary-Treasurer*

**Transfer Agent**

MONTREAL TRUST COMPANY

**Auditors**

THORNE GUNN & CO.

**Bankers**

THE ROYAL BANK OF CANADA

**Executive Office**

74 VICTORIA STREET, TORONTO, CANADA



SCOTTISH & YORK HOLDINGS LIMITED

**SCOTTISH & YORK INSURANCE COMPANY LIMITED  
VICTORIA INSURANCE COMPANY OF CANADA**

***Officers***

THE RT. HON. LORD THOMSON OF FLEET

K. H. DOYLE

S. F. CHAPMAN

R. W. BROUGHTON

R. D. ABBOT

N. W. McDERMOTT

D. A. BOYD

**VICTORIA INSURANCE COMPANY LIMITED  
(NASSAU, BAHAMAS)**

**CENTRAL CANADA INSURANCE SERVICE LIMITED**

**ONTARIO INSURANCE SERVICE**

**OVERSEAS INSURANCE SERVICES  
(UNITED KINGDOM)**

**SCOTTISH & YORK HOLDINGS GROUP**



## **To The Shareholders**

The year 1972 was not a good one for the general insurance industry in Canada with adverse underwriting results being experienced in the third and fourth quarters. Despite this, your Company was able to produce a substantial underwriting profit for the year although reduced from 1971. The reduction in underwriting profit was only partly offset by an increase in investment income and for the first time in the Company's history we failed to show an improvement in per share earnings over the previous year. Net income per common share was 28.3¢ compared with 37.5¢ for 1971.

During the third quarter of 1972 your Company experienced above normal losses with respect to assumed reinsurance. In addition, some deterioration was experienced in direct underwriting in the casualty field during the third and fourth quarters. In both cases your Company has taken measures designed to correct the situation.

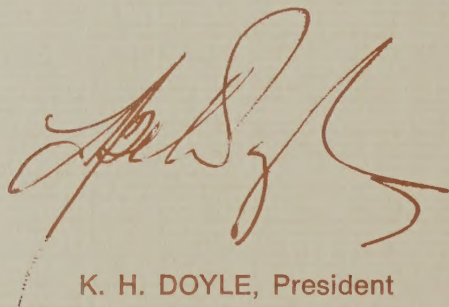
It is too soon to determine the outlook for the current year. However, despite the increasing complexity and competitiveness of the general insurance industry in Canada we are optimistic that 1973 will show an improvement.

During the year your Directors increased the rate of dividends on the Company's common shares from 3½¢ to 4½¢ per quarter.

Your Directors look forward to seeing many of you at the annual meeting to be held on June 8th, 1973 at the Royal York Hotel, Toronto.

The Directors take this opportunity to express their appreciation for the dedicated efforts of the officers and employees throughout the year.

Submitted on behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read 'K. H. Doyle', is written over a faint, circular embossed seal. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

K. H. DOYLE, President

SCOTTISH & YORK HOLDINGS LIMITED  
and subsidiary companies

***Auditors' Report***

To the Shareholders of  
Scottish & York Holdings Limited

We have examined the consolidated balance sheet of Scottish & York Holdings Limited and subsidiary companies as at December 31, 1972 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
March 8, 1973

THORNE GUNN & CO.,  
Chartered Accountants.



**SCOTTISH & YORK HOLDINGS LIMITED** (Incorporated under the laws of  
**CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1972** (with co

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**ASSETS**

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	<u>1972</u>	<u>1971</u>
Cash .....	\$ 586,710	\$ 772,961
Marketable Securities		
Bonds, at cost or amortized cost and accrued interest (market value 1972, \$15,157,095; 1971, \$13,375,418) .....	15,485,560	13,701,570
Stocks, at cost (market value 1972, \$3,467,713; 1971, \$3,522,426) .....	3,938,294	3,864,444
Accounts receivable .....	2,298,768	2,506,453
Furniture, fixtures and automobiles at cost less accu- mulated depreciation 1972, \$58,368; 1971, \$53,913	33,230	28,587
Agencies, agreements and contracts, at cost .....	110,116	110,116
Premium paid on acquisition of shares of subsidiary companies .....	65,037	65,037

	<u>\$22,517,715</u>	<u>\$21,049,168</u>
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Approved on behalf of the Board

K. H. DOYLE, Director

R. D. ABBOT, Director

rio) AND SUBSIDIARY COMPANIES

relative figures at December 31, 1971)

## LIABILITIES

	1972	1971
Accounts payable and accrued liabilities .....	\$ 1,697,108	\$ 2,941,891
Customers' deposits .....	28,750	26,250
Dividends payable .....	270,000	210,000
Provisions for outstanding claims .....	9,549,393	7,319,251
Income and premium taxes payable .....	11,094	230,219
Deferred revenue .....	4,089,777	4,194,749
Interest of minority common shareholders of subsidiary companies .....	42,276	34,568
	<u>\$15,688,398</u>	<u>\$14,956,928</u>

## SHAREHOLDERS' EQUITY

Capital Stock		
Authorized		
10,000 First preference shares, par value \$50 each, issuable in series		
8,000,000 Common shares without par value		
Issued		
6,000,000 Common shares .....	501,000	501,000
Retained earnings .....	6,328,317	5,591,240
	<u>6,829,317</u>	<u>6,092,240</u>
	<u>\$22,517,715</u>	<u>\$21,049,168</u>



# SCOTTISH & YORK HOLDINGS LIMITED

## and subsidiary companies

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### CONSOLIDATED STATEMENT OF INCOME

#### YEAR ENDED DECEMBER 31, 1972 (with comparative figures for 1971)

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	1972	1971
Gross premiums written and other income .....	\$23,240,313	\$22,427,065
Income before undernoted items .....	2,310,559	2,978,215
Income taxes .....	605,774	717,639
	1,704,785	2,260,576
Interest of minority common shareholders of subsidiary companies .....	7,708	5,945
Net income for the year .....	\$ 1,697,077	\$ 2,254,631
Net income per share .....	28.3¢	37.5¢

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### CONSOLIDATED STATEMENT OF RETAINED EARNINGS

#### YEAR ENDED DECEMBER 31, 1972 (with comparative figures for 1971)

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	1972	1971
Balance at beginning of year .....	\$ 5,591,240	\$ 4,116,609
Net income for the year .....	1,697,077	2,254,631
	7,288,317	6,371,240
Dividends on common shares .....	960,000	780,000
Balance at end of year .....	\$ 6,328,317	\$ 5,591,240

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### YEAR ENDED DECEMBER 31, 1972

#### 1. BASIS OF CONSOLIDATION

The consolidated financial statements include all the subsidiary companies, which are:

Scottish & York Insurance Co. Limited  
 Central Canada Insurance Service Limited  
 Victoria Insurance Company of Canada  
 Victoria Insurance Company Limited



# SCOTTISH & YORK HOLDINGS LIMITED

## and subsidiary companies

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS YEAR ENDED DECEMBER 31, 1972 (with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Source of funds		
Operations		
Net income for the year .....	\$ 1,697,077	\$ 2,254,631
Items not involving current funds		
Depreciation .....	11,154	9,703
Interest of minority common shareholders of subsidiary companies .....	7,708	5,945
	<u>1,715,939</u>	<u>2,270,279</u>
Increase in provision for outstanding claims .....	2,230,142	2,090,002
Increase in deferred revenue .....	—	847,546
Increase in accounts payable and accrued liabilities .....	—	997,583
Decrease in accounts receivable .....	207,685	276,250
Net change in other assets and liabilities .....	13,829	—
	<u>\$ 4,167,595</u>	<u>\$ 6,481,660</u>
Application of funds		
Decrease in accounts payable and accrued liabilities .....	1,244,783	—
Decrease in deferred revenue .....	104,972	—
Purchase of marketable securities, net		
Bonds .....	1,783,990	4,876,657
Stocks .....	73,850	520,694
Dividends on common shares .....	960,000	780,000
Net change in other assets and liabilities .....	—	304,309
	<u>\$ 4,167,595</u>	<u>\$ 6,481,660</u>

## 2. OTHER STATUTORY INFORMATION

	<u>1972</u>	<u>1971</u>
Direct remuneration of directors and senior officers (as defined by The Business Corpora- tions Act, 1971) .....	\$122,929	\$112,167
Depreciation .....	11,154	9,703

## 3. CAPITAL STOCK

During 1972, the common shares were split two for one. Net income per share for 1971 has been restated to reflect the stock split.

# SCOTTISH & YORK HOLDINGS GROUP

## *Five Year Performance Record*

YEAR	GROSS PREMIUMS WRITTEN	NET PREMIUMS WRITTEN	DEFERRED REVENUE
1972	21,984,441	15,594,384	4,089,777
1971	21,585,228	14,782,791	4,194,749
1970	16,619,886	11,048,244	3,347,203
1969	11,309,620	7,928,893	2,319,900
1968	9,068,256	6,893,469	1,946,976

**NOTE:** Per share amounts prior to 1972 adjusted for two for one subdivision of capital stock made in November 1972 and November 1971.



INCOME BEFORE TAXES	INCOME TAXES	NET INCOME	EARNINGS PER SHARE	DIVIDENDS PAID PER SHARE
2,302,851	605,774	1,697,077	28.3¢	16¢
2,972,270	717,639	2,254,631	37.5¢	13¢
2,257,036	694,032	1,563,004	26¢	9¢
1,633,731	481,779	1,158,327	19¢	7.5¢
1,534,344	460,850	1,070,701	17.5¢	5¢

